

REPORT OF  
ASSOCIATION FINANCIAL EXAMINATION

**AMERICAN CENTRAL INSURANCE COMPANY**

AS OF  
DECEMBER 31, 2004



STATE OF MISSOURI  
DEPARTMENT OF INSURANCE  
JEFFERSON CITY, MISSOURI

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Boston, Massachusetts  
December 20, 2005

Honorable Alfred W. Gross, Commissioner  
Virginia Bureau of Insurance  
Chairman, (E) Financial Condition Committee, NAIC

Honorable Jorge Gomez, Commissioner  
Wisconsin Department of Insurance  
Secretary, Midwestern Zone, NAIC

Honorable W. Dale Finke, Director  
Missouri Department of Insurance  
301 West High Street, Room 530  
Jefferson City, Missouri 65101

Gentlemen:

In accordance with your financial examination warrant, a full scope association financial examination has been made of the records, affairs, and financial condition of

**American Central Insurance Company**

hereinafter referred to as such, as the "Company," or as "ACIC." Its main administrative office is located at One Beacon Street, Boston, Massachusetts, 02108-3100, telephone number (617) 725-6000. This examination began on August 2, 2005 and was concluded on the above date.

## **SCOPE OF EXAMINATION**

### **Period Covered**

The prior comprehensive financial examination of American Central Insurance Company was made as of December 31, 2001, and was conducted by an examiner from the State of Missouri representing the Midwestern Zone of the National Association of Insurance Commissioners (NAIC). That examination was done in conjunction with the examinations conducted by the Pennsylvania Division of Insurance and zone representatives of the Pennsylvania-domiciled insurance companies within the OneBeacon Insurance Group, LLC.

The current financial examination of the American Central Insurance Company covers the period from January 1, 2002, through December 31, 2004, and has been conducted by examiners from the State of Missouri representing the Midwestern Zone of the NAIC with no other zones participating.

This examination also included the material transactions and/or events occurring subsequent to the examination date which are noted in this report.

### **Procedures**

This examination was conducted using the guidelines set forth in the Financial Condition Examiners Handbook of the NAIC, except where practices, procedures, and applicable regulations of the Missouri Department of Insurance (MDI) and statutes of the State of Missouri prevailed.

The examiners relied upon information supplied by the independent auditor, PricewaterhouseCoopers LLP, of Boston, Massachusetts, from its audit covering the

period from January 1, 2004, through December 31, 2004. This information included, but was not limited to, attorney letters, fraud-risk assessment, and internal control evaluations.

### **Comments-Previous Examination**

Listed below are notes, comments, and recommendations of the previous examination report dated as of December 31, 2001, and the subsequent response or action taken by the Company.

#### **Accounts and Records**

**Comment:** It was recommended that the Company begin compiling loss and loss adjustment expense data on a gross of external reinsurance basis.

**Company's Response:** The Company is currently compiling loss and loss adjustment expense data on a gross of external reinsurance basis.

**Current Findings:** This comment is currently of limited relevance to ACIC since, as discussed in the Reinsurance Section of this report, the Company cedes all business to its affiliate, OneBeacon Insurance Company, effective January 1, 2004.

## **HISTORY**

### **General**

American Central Insurance Company was incorporated on April 27, 1979, and was issued a Certificate of Authority on November 20, 1980 as a stock property and casualty company.

Initially, all of the Company's 25,000 shares of common stock were owned by Commercial Union Insurance Company (a Massachusetts company). During 1984,

Commercial Union Insurance Company transferred 100% ownership of the Company to an affiliate, American Employers' Insurance Company (AEIC). On June 30, 2005, American Employers' Insurance Company transferred American Central Insurance Company's stock to AEIC's parent, Pennsylvania General Insurance Company.

### **Capital Stock**

The Company has authority to issue 25,000 shares of common stock with a par value of \$100 per share. As of December 31, 2004, all authorized shares were issued and outstanding for a total balance of \$2.5 million in ACIC's common capital stock account.

### **Dividends**

The Company declared and paid stockholder dividends of \$1.4 and \$1.8 million in 2004 and 2003, respectively. There were no dividends declared or paid in 2002.

### **Management**

The Articles of Incorporation provide that the property and business of the Company shall be managed and controlled by a Board of Directors consisting of not less than nine persons nor more than twenty-one persons, who shall be elected by the shareholders at each annual meeting of the shareholders. The Company maintains interlocking directorates with its affiliated and subsidiary companies within the White Mountains organizational structure.

The directors elected and serving as of December 31, 2004, were as follows:

<u>Name and Address</u>	<u>Business Affiliation</u>
John Paul Cavoore <sup>1</sup> Hingham, MA	Chairman of the Board, CEO, and President OneBeacon Insurance Company
Alexander Constantine Archimedes Bridgewater, NJ	Senior Vice President OneBeacon Insurance Company
Andrew Coleman Carnase Norfolk, MA	Senior Vice President OneBeacon Insurance Company
Charles Bergen Chokel Pepper Pike, OH	Managing Director White Mountains Capital, Inc
Morgan Wesley Davis <sup>2</sup> Granite Bay, CA	Senior Vice President OneBeacon Insurance Company
Gregory Robert Galeaz Holiston, MA	Senior Vice President and Chief Financial Officer OneBeacon Insurance Company
Richard Page Howard <sup>3</sup> Guilford, CT	Senior Vice President OneBeacon Insurance Company
Stuart Noel Lerwick Mercer Island, WA	Senior Vice President and Chief Actuary OneBeacon Insurance Company
Thomas Norman Schmitt Duxbury, MA	Senior VP and Chief Human Resource Officer OneBeacon Insurance Company
Roger Milgram Singer Belmont, MA	Senior Vice President and General Counsel OneBeacon Insurance Company

All directors are elected annually or until a successor is duly elected and qualified.

A review of the minutes of the Board of Directors meetings held during the period under

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<sup>1</sup> John P. Cavoore resigned as director effective July 1, 2005.

<sup>2</sup> Morgan W. Davis was not re-elected as director at the May 3, 2005 Shareholder Meeting. T. Michael Miller was elected as a new director at the May 3, 2005 Shareholder Meeting.

<sup>3</sup> Richard P. Howard resigned as director at the August 2, 2005 Board of Directors' Meeting and was replaced by Mark K. Dorcus.



review indicated that attendance at such meetings was adequate and quorums were established at all meetings.

The officers elected and serving as of December 31, 2004, were as follows:

<u>Name</u>	<u>Position</u>
John P. Cavoores <sup>4</sup>	Chairman of the Board, President, and CEO
Gregory R. Galeaz	Senior Vice President and CFO
Stuart N. Lerwick	Senior Vice President and Chief Actuary
Michael F. Natan	Senior VP and Chief Information Officer
Thomas N. Schmitt	Sr. VP and Chief Human Resources Officer
Roger M. Singer	Senior Vice President and General Counsel
Dennis R. Smith	Secretary
Gregory P. Winn <sup>5</sup>	Treasurer
Alexander C. Archimedes	Senior Vice President
Kathleen M. Taylor	Senior Vice President
Andrew C. Carnase	Senior Vice President
Michael J. Daly	Senior Vice President
Morgan W. Davis <sup>6</sup>	Senior Vice President
Eugene C. Fazzie	Senior Vice President
Michael R. Keane	Senior Vice President
Paul J. LaPerriere <sup>7</sup>	Senior Vice President
Michael J. McSally	Senior Vice President
John M. Meuschke	Senior Vice President
Donald P. Nibouar	Senior Vice President
L. Ronald Peters	Senior Vice President

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<sup>4</sup> John P. Cavoores resigned effective July 1, 2005 and was replaced as Chairman, President, and CEO by T. Michael Miller.

<sup>5</sup> Gregory P. Winn resigned effective January 28, 2005 and was replaced as Treasurer by Frederick J. Turcotte.

<sup>6</sup> Morgan W. Davis resigned effective March 18, 2005 and was replaced as Senior Vice President by Kevin J. Rehnberg effective May 23, 2005.

<sup>7</sup> Paul J. LaPerriere was terminated as Senior Vice President of ACIC on December 31, 2004.

### **Conflict of Interest**

Each director, officer, and certain other key employees are required to comply with the Company's general policy on business ethics and conflicts of interest. Disclosure statements are completed annually and reviewed by the general counsel.

Signed disclosure statements were reviewed for all officers and directors for the examination period with no material conflicts noted.

### **Corporate Records**

A review was made of the Articles of Incorporation and Bylaws of the Company for the period under examination. There were no amendments to the Articles of Incorporation. Bylaw Section 6.07, Article VI was amended so that the term "agent" shall not include any insurance agent, broker, or similar representative of the corporation or its affiliates.

The minutes of the Shareholder's and the Board of Directors' meetings for the period under examination were reviewed and appear to properly reflect and approve all material corporate transactions and events of the Company.

### **Acquisitions, Mergers and Major Corporate Events**

There were no acquisitions or mergers for the period under examination. The only major corporate event during the examination period was the termination of ACIC's participation in the OneBeacon Reinsurance Pool and its subsequent reinsurance agreement with OneBeacon Insurance Company. See the Reinsurance Section of this report for additional details.

### **Surplus Debentures**

There were no surplus debentures issued or outstanding for the period under examination.

## **AFFILIATED COMPANIES**

### **Holding Company, Subsidiaries and Affiliates**

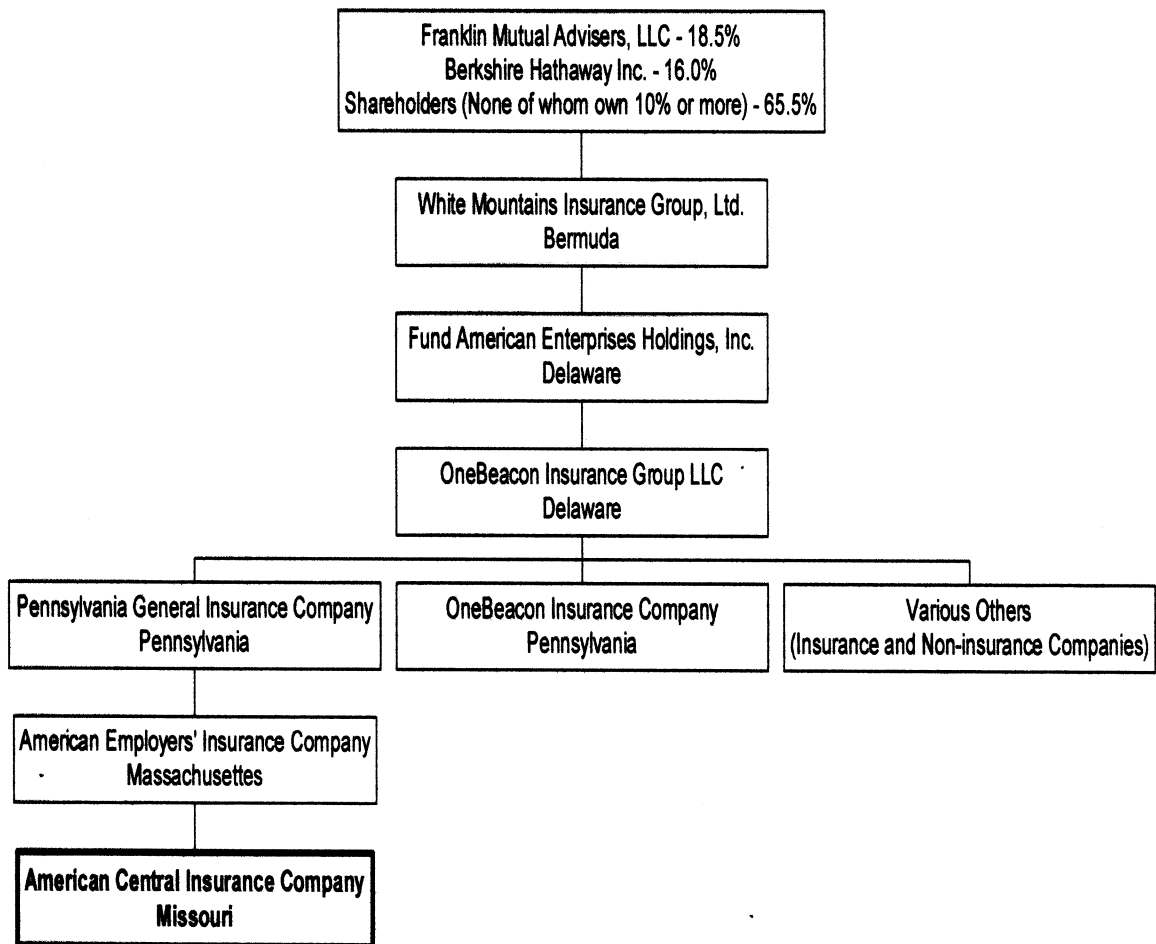
As of December 31, 2004, American Central Insurance Company (ACIC) was a member of an Insurance Holding Company System as defined by RSMo. Section 382.010, (Definitions). The Company was a wholly owned subsidiary of American Employers' Insurance Company, a Massachusetts domiciled insurer, as of December 31, 2004. However as of June 30, 2005, American Employers' Insurance Company transferred all of the outstanding common stock of ACIC to its parent, Pennsylvania General Insurance Company, a Pennsylvania domiciled insurer. Pennsylvania General Insurance Company is a wholly owned subsidiary of OneBeacon Insurance Group, LLC. White Mountains Insurance Group, Ltd., a publicly traded holding company (NYSE: WTM), is the ultimate controlling entity within the holding company system.

Berkshire Hathaway Inc. holds 16.0% of the outstanding shares of the White Mountains Insurance Group, Ltd., and Franklin Mutual Advisers, LLC holds 18.5%. Both Berkshire Hathaway Inc. and Franklin Mutual Advisers, LLC have filed disclaimers of control with the Missouri Department of Insurance.

During the period under examination, consolidated Insurance Holding Company System Registration Statements were filed by OneBeacon Insurance Company on behalf of itself, its parent, and its affiliates, including ACIC.

**Organizational Chart**

The following organizational chart depicts the applicable portion of the holding company group, including ACIC as of December 31, 2004:



### **Intercompany Transactions**

The Company entered into various intercompany agreements including:

1.     Type:           Investment Management Agreement  
  
       Parties:       White Mountains Advisors LLC, ACIC, and various affiliates  
  
       Effective:     July 1, 2002 (original agreement effective on January 2, 1996)  
  
       Terms:         White Mountains Advisors LLC agrees to provide ACIC with administration of investments and reinvestments, including investment research and advice. In consideration for these services provided, ACIC agrees to pay a quarterly fee of 0.075% (or 0.3% annually) of the value of the investment portfolio on the last day of the preceding calendar quarter for assets up to \$100 million.
  
2.     Type:           Tax Allocation Agreement  
  
       Parties:       Fund American Enterprises Holdings, Inc., ACIC, and various affiliates  
  
       Effective:     December 31, 2001  
  
       Terms:         This agreement provides that a consolidated return will be filed by Fund American Enterprises Holdings, Inc. (FAEH) for each taxable year. The tax liability or refund due from or to each member of FAEH's subsidiaries will be computed as if each member filed a separate stand-alone federal return. All payments required pursuant to this agreement shall be made at the time, and in the amounts, such payments would have been required to be made to the Internal Revenue Service had each member filed a separate stand-alone return.
  
3.     Type:           Reinsurance Agreement  
  
       Parties:       OneBeacon Insurance Company, ACIC, and various affiliates  
  
       Effective:     January 1, 2004

Terms: OneBeacon Insurance Company (OBIC) agrees to assume 100% of the insurance business written by ACIC, and pay all losses and loss adjustment expenses in connection with any such contracts and policies. OBIC will also pay, or provide services for, all of ACIC's non-investment expenses (both underwriting and non-underwriting). OBIC will provide these services to ACIC for no fee or cost as long as the reinsurance agreement is in effect. This agreement is further discussed in the Reinsurance Section of this report.

Following is a table of the fees incurred (or received) under the above described American Central Insurance Company's intercompany agreements (excluding the tax agreement). This table shows the other party to the agreement, the agreement name, and the dollar amount incurred (or received) for services by ACIC under each agreement for 2002, 2003, and 2004:

	<u>2004</u>	<u>2003</u>	<u>2002</u>
White Mountains Advisors, LLC - Investment Management Agreement	\$127,532	\$146,378	\$93,456
OneBeacon Insurance Company – Reinsurance Agreement	<u>NF</u>	<u>NA</u>	<u>NA</u>
Totals	<u>\$127,532</u>	<u>\$146,378</u>	<u>\$93,456</u>

NF = No non-reinsurance fees were paid or due to or from ACIC under this agreement during the exam period.

NA = Not applicable as this agreement was not effective until 2004.

ACIC paid dividends during 2003 and 2004 to its stockholder. Dividends totaling \$1.8 million and \$1.4 million were paid to American Employers' Insurance Company during 2003 and 2004, respectively.

### **FIDELITY BOND AND OTHER INSURANCE**

The Company is a named insured, along with other subsidiaries of White Mountains Insurance Group, Ltd., on a financial institution bond with a single loss limit of liability of \$20 million and a \$500,000 single loss deductible. The Company is also a

named insured on the following insurance policies: Workers Compensation and Employers Liability; Umbrella Liability; Directors and Officers Liability; Fiduciary Liability; Computer Crime Liability; and Business Automobile Liability.

### **PENSION, STOCK OWNERSHIP, AND INSURANCE PLANS**

American Central Insurance Company has no direct employees. Services are provided to ACIC by either White Mountain Advisors LLC under an Investment Management Agreement or by OneBeacon Insurance Company under a Reinsurance Agreement. The services are provided to ACIC on a fee-basis rather than a percentage-of-cost or reimbursement basis and ACIC therefore has no liability for employee benefits.

### **STATUTORY DEPOSITS**

#### **Deposits with the State of Missouri**

The funds on deposit with the Missouri Department of Insurance as of December 31, 2004, as reflected below, were sufficient in par and fair value to meet the deposit requirement for the State of Missouri in accordance with RSMo Section 379.098, (Insurance other than life - Securities deposit).

<u>Type of Security</u>	<u>Par Value</u>	<u>Fair Value</u>	<u>Stmnt Value</u>
U.S. Treasury Notes - TIPS	\$1,396,596	\$1,565,304	\$1,497,755

#### **Deposits with Other States and Territories**

The Company also has funds on deposit with various other states in which it is licensed. Those funds on deposit as of December 31, 2004, were as follows:

<u>State or Territory</u>	<u>Type of Security</u>	<u>Par Value</u>	<u>Fair Value</u>	<u>Stmnt Value</u>
Georgia	U.S. Treasury Notes – TIPS	\$116,383	\$130,442	\$124,813
Louisiana	U.S. Treasury Notes – TIPS	23,277	26,089	24,963
New Mexico	U.S. Treasury Notes – TIPS	378,245	423,937	405,642
South Carolina	U.S. Treasury Notes – TIPS	174,574	195,663	187,219
Virginia	U.S. Treasury Notes – TIPS	<u>244,404</u>	<u>273,928</u>	<u>262,107</u>
<b>Totals</b>		<u>\$936,883</u>	<u>\$1,050,059</u>	<u>\$1,004,744</u>

## INSURANCE PRODUCTS AND RELATED PRACTICES

### Territory and Plan of Operations

The Company is licensed by the Missouri Department of Insurance under Chapter 379 RSMo. (Insurance other than life) to write property and casualty insurance, specifically the following types of insurance: Accident and Health; Fidelity and Surety; Liability; Miscellaneous; and Property. As of December 31, 2004, the Company was licensed in the District of Columbia and the following thirty-seven states:

Alabama	Louisiana	Oregon
Arizona	Maine	Pennsylvania
Arkansas	Maryland	South Carolina
Colorado	Michigan	South Dakota
Connecticut	Mississippi	Tennessee
Delaware	Missouri	Texas
Georgia	Montana	Utah
Hawaii	Nebraska	Vermont
Idaho	Nevada	Virginia
Indiana	New Mexico	West Virginia
Iowa	New York	Wisconsin
Kansas	North Dakota	
Kentucky	Oklahoma	



Prior to 2004, ACIC was a risk sharing member of the OneBeacon Reinsurance Pool, which provided underwriting services and marketed ACIC's products through independent agents. The Company's largest product lines were homeowner's multi-peril and auto liability. During 2004 and 2005, the Company did not write any new business. ACIC's in-force business is in run-off and is ceded 100% to OneBeacon Insurance Company as described in the Holding Company and Reinsurance Sections of this report.

**Policy Forms and Underwriting**  
**Advertising & Sales Material**  
**Treatment of Policyholders**

The Missouri Department of Insurance has a market conduct staff which performs a review of these issues and generates a separate market conduct report. The most recent MDI Market Conduct Examination Report covered the calendar year 1996. No problems were noted which would have a material impact on the financial condition of ACIC.

**REINSURANCE**

**General**

The Company's reinsurance and premium activity during the period under examination are as follows:

<u>Premiums Written:</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>
Direct Business	\$56,051,466	\$5,336,966	\$(34,939)
Reinsurance Assumed:			
Affiliates	2,237,597	1,713,068	(814,562)
Non-Affiliates	0	0	0
Reinsurance Ceded:			
Affiliates	(56,051,466)	(5,336,966)	34,939
Non-Affiliates	0	0	0
Net Premiums Written	<u>\$2,237,597</u>	<u>\$1,713,068</u>	<u>\$814,562</u>

**Pooling**

Prior to 2004, ACIC, along with OneBeacon Insurance Company (OBIC) and eleven other affiliated insurance companies, was a party to an intercompany reinsurance pooling agreement titled “Amended and Restated Reinsurance (Pooling) Agreement.” Under the terms and conditions of this agreement, each pool member was required to cede 100% of its direct and assumed business to OBIC, the lead insurer in the intercompany pool. The participants shared all underwriting and insurance business and related assets, liabilities, income, and expenses according to their participation percentages in the pool. Investment operations, dividends to stockholders, and federal income tax liabilities were not included in the pooled accounts.

OneBeacon Insurance Company was responsible for securing external reinsurance on behalf of the entire pooled business and redistributing the net retained pooled business to each participant in accordance with the percentages stated within the Amended and Restated Reinsurance (Pooling) Agreement. At December 31, 2003, the participants retained the following percentage of the net retained pooled business:

<u>Participating Company</u>	<u>Percentage</u>
OneBeacon Insurance Company	54.0%
OneBeacon America Insurance Company	14.3%
The Camden Fire Insurance Association	7.0%
Homeland Insurance Company of New York	6.5%
The Northern Assurance Company of America	5.0%
Pennsylvania General Insurance Company	4.5%
American Employers’ Insurance Company	4.2%
PG Insurance Company of New York	1.5%
The Employers’ Fire Insurance Company	1.5%
AutoOne Insurance Company	0.6%
Potomac Insurance Company of Illinois	0.5%
OneBeacon Midwest Insurance Company	0.3%
<b>American Central Insurance Company</b>	<b><u>0.1%</u></b>
Total	100.0%

As of the date of this examination report, the intercompany reinsurance pool is still in effect. However, ACIC is no longer a member as its participation in the pool was terminated effective January 1, 2004.

**Assumed**

Prior to 2004, ACIC assumed premium pursuant to the above-described intercompany reinsurance pooling agreement. ACIC's participation in the pool was terminated effective January 1, 2004 and ACIC has not subsequently assumed any business.

**Ceded**

Prior to 2004, ACIC ceded all written premium, both direct and assumed, to OneBeacon Insurance Company pursuant to the above-described intercompany reinsurance pooling agreement. Subsequent to the termination of ACIC's participation in the pool, ACIC entered into a Reinsurance Agreement with OneBeacon Insurance Company. This new agreement was dated July 1, 2004 but was effective January 1, 2004. Under this agreement, ACIC ceded all net liabilities incurred under all policies of insurance issued prior to January 1, 2004 and transferred all underwriting assets to OBIC. ACIC also cedes to OBIC, under this agreement, all business written after January 1, 2004. Thus, this agreement results in a zero net retention by ACIC.

The Company is contingently liable for all reinsurance losses ceded to others. This contingent liability would become an actual liability in the event that an assuming reinsurer should fail to perform its obligations under its reinsurance agreement with the Company.

## **ACCOUNTS AND RECORDS**

Financial statements of the Company were audited by the CPA firm PricewaterhouseCoopers LLP, of Boston, Massachusetts, for the years under examination.

## **FINANCIAL STATEMENTS**

The following financial statements, with supporting exhibits, present the financial condition of the Company for the period ending December 31, 2004. Any examination adjustments to the amount reported in the Annual Statement and/or comments regarding such are made in the "Notes to the Financial Statements." (The failure of any column of numbers to add to its respective total is due to rounding or truncation.)

There may have been differences found in the course of this examination which are not shown in the "Notes to the Financial Statements." These differences were determined to be immaterial, concerning their effect on the financial statements. Therefore, they were communicated to the Company and/or noted in the workpapers for each individual Annual Statement item.

**ASSETS**

	<u>ASSETS</u>	<u>ASSETS NOT ADMITTED</u>	<u>NET ADMITTED ASSETS</u>
Bonds	\$36,003,203		\$36,003,203
Cash, cash equivalents, and short-term investments	4,170,867		4,170,867
Receivable for securities	2,227		2,227
Investment income due and accrued	450,993		450,993
Net deferred tax asset	15,880	12,704	3,176
Guaranty funds receivable	63		63
Receivable from parent, subsidiaries, and affiliates	<u>497</u>	<u>0</u>	<u>497</u>
Total Assets	<u>\$40,643,730</u>	<u>\$12,704</u>	<u>\$40,631,026</u>

**LIABILITIES, SURPLUS, AND OTHER FUNDS**

Other expenses	\$46,929
Current federal income taxes	<u>52,480</u>
Total Liabilities	<u>99,409</u>
Common capital stock	2,500,000
Gross paid in and contributed surplus	27,255,000
Unassigned funds (surplus)	<u>10,776,617</u>
Surplus as regards policyholders	<u>40,531,617</u>
Total Liabilities and Surplus	<u>\$40,631,026</u>

### STATEMENT OF INCOME

Underwriting Income	
Premiums earned	\$0
Total underwriting deductions	<u>0</u>
Net underwriting gain/(loss)	0
Investment Income	
Net investment income earned	1,463,209
Net realized capital gains or (losses)	<u>(123,972)</u>
Net investment gain or (loss)	1,339,237
Other Income	<u>0</u>
Net income before federal income taxes	1,339,237
Federal income taxes	<u>85,375</u>
Net income (loss)	<u>\$1,253,862</u>

### CAPITAL AND SURPLUS ACCOUNT

Surplus as regards policyholders, December 31, 2003	\$40,711,478
Net income	1,253,862
Change in net deferred income tax	(238,410)
Change in non-admitted assets	204,687
Dividends to policyholders	<u>(1,400,000)</u>
Net change in surplus as regards policyholders for the year	<u>(179,861)</u>
Surplus as regards policyholders, December 31, 2004	<u>\$40,531,617</u>

**NOTES TO THE FINANCIAL STATEMENTS**

None.

**EXAMINATION CHANGES**

None.

**GENERAL COMMENTS AND/OR RECOMMENDATIONS**

None.

### ACKNOWLEDGMENT

The assistance and cooperation extended by the officers and the employees of American Central Insurance Company during the course of this examination is hereby acknowledged and appreciated. In addition to the undersigned, Angela Campbell, CFE, Steven Koonse, CFE, and Andy Balas, CFE, examiners for the Missouri Department of Insurance, participated in this examination.

### VERIFICATION


State of Missouri                     )  
  )  
County of                                )

I, Vicki L. Denton, CFE, on my oath swear that to the best of my knowledge and belief the above examination report is true and accurate and is comprised of only facts appearing upon the books, records or other documents of the Company, its agents or other persons examined or as ascertained from the testimony of its officers or agents or other persons examined concerning its affairs and such conclusions and recommendations as the examiners find reasonably warranted from the facts.

Vicki L. Denton  
Vicki L. Denton, CFE  
Examiner-In-Charge  
Missouri Department of Insurance

Sworn to and subscribed before me this 6 day of January 2006.

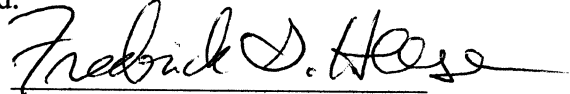
My commission expires: 1/31/07 Laura G Solomon  
Notary Public

 Laura G Solomon  
My Commission DD171945  
Expires January 31, 2007



## **SUPERVISION**

The examination process has been monitored and supervised by the undersigned. The examination report and supporting workpapers have been reviewed and approved. Compliance with NAIC procedures and guidelines as contained in the Financial Condition Examiners Handbook has been confirmed.

A handwritten signature in cursive script, reading "Frederick G. Heese".

Frederick G. Heese, CFE, CPA

Audit Manager

Missouri Department of Insurance